

**MINUTES
REGULAR MEETING
UTILITY SERVICE BOARD
DECEMBER 21, 2009**

The Regular Meeting of the Utility Service Board of the City of Jasper, Indiana, was held in the Council Chambers of City Hall in Jasper at 7:00 PM on Monday, December 21, 2009.

The meeting was called to order by Chairman Alex Emmons.

UPON CALL OF THE ROLL, THE FOLLOWING WERE PRESENT:

Alex Emmons – Chairman
Wayne Schuetter – Vice Chairman
Rick Stradtner – Secretary
Doug Schulte – Water Commissioner
Mike Harder – Wastewater Commissioner
Greg A. Krodel – Gas Commissioner
Ken Sendelweck – Electric Commissioner

ALSO PRESENT:

Jerry Schitter – Electric Distribution Manager
Windell Toby – Electric Generation Manager
Michael A. Oeding – Gas & Water Manager
Ed Hollinden – Wastewater Manager
Bud Hauersperger – General Manager
Sandy Hemmerlein – City Attorney

PLEDGE OF ALLEGIANCE (B-18)

Chairman Alex Emmons led the Pledge of Allegiance.

QUOTE OPENING: LOADER BACKHOE – GAS & WATER (B-25)

Sandy Hemmerlein opened the quotes and read them aloud as follows:

1.	Hopf Equipment	\$80,475.00	
	Huntingburg, IN	<u>- 63,362.00</u>	trade-in
		\$17,113.00	

The quote included a non-collusion affidavit.

2.	ERD Equipment Company	\$77,500.00	
	Evansville, IN	<u>- 60,000.00</u>	trade-in
		\$17,500.00	

The quote included a non-collusion affidavit.

3.	Whayne Supply Company	\$95,783.51	
	Evansville, IN	- 61,475.00	trade-in
		\$34,308.51	

The quote included a non-collusion affidavit.

Mike Oeding stated that if the low quote met the specifications, he would like to go ahead and order the loader backhoe. Discussion followed concerning why the backhoes are replaced every two years. An analysis was done last year, which showed that the cost per hour to run the backhoe was cheaper with the two year replacement plan than with a three or ten year replacement plan.

Wayne Schuetter made a motion to accept the low quote from Hopf Equipment for \$17,113, if it meets the specifications. Greg Krodel seconded the motion. Motion approved, 7-0.

2010 APPOINTMENT TO THE UTILITY SERVICE BOARD (B-185)

Mayor Schmitt informed the Board that Ken Sendelweck's term on the Utility Service Board is up at the end of 2009. The Mayor said he reappointed Sendelweck to another term and Sendelweck accepted. Sendelweck has been serving on the Utility Service Board since 1998.

APPROVAL OF MINUTES (B-220)

Chairman Alex Emmons presented the minutes of the November 16, 2009, Regular Meeting and there being no corrections or amendments, asked for a motion to approve. Wayne Schuetter made a motion to approve the minutes of the November meeting as presented. Rick Stradtner seconded the motion. Motion approved, 7-0.

2010 CAPITAL EXPENDITURE PLANS – ALL UTILITY DEPARTMENTS (B-237)

Bud Hauersperger explained that after last month's meeting and the discussion and emails since then, he developed a revised Capital Expenditure Plan. All items that were not safety or critically service related were moved to the third or fourth quarter of the year.

Hauersperger proposed to the Board to only approve the capital expenditure plan for the first two quarters of the year tonight. The last two quarters of the year could be approved at a later time, after determining how well the Utilities were doing to date in 2010.

Chairman Alex Emmons informed the Utility Managers that the Board would be taking a critical look at all capital expenditures proposed for 2010, due to the economy and the Utilities' financial state. He said we owe it to the ratepayers to take a hard look at everything in the coming year. Anything that can be cut out of the plan should be cut.

Hauersperger responded that the managers have already reduced their capital expenditure plans by \$662,000, which is half of the amount of last year's plans. There is nothing in the plans that is not a necessity and would affect the type of service the utilities could deliver. There will be no raises given to employees in 2010, which will also help the situation. Much discussion followed.

Greg Krodel explained that good arguments will need to be provided for all requested purchases, whether it is for safety reasons, cost reduction, imminent service problems, etc. Rick Stradtner wanted to reiterate that the Board is not interested in impacting in a negative way the safety of any utility employees. The Board will just be doing their due diligence before approving any purchase.

Sandy Hemmerlein then explained the Purchasing and Public Works Policy and the steps to follow. After the capital expenditure plan is approved the managers have the permission to go out and seek quotes for the items on their plan. When the quotes are opened, information should be presented from the managers to the Board to explain the need for the purchase. At that time, the Board will ask questions and either approve the purchase or not.

Greg Krodel made a motion to approve the first six months of the Capital Expenditure Plans, with the managers bringing more rationale to the table explaining their need for the purchases, and to come back to the Board by May 2010 for approval of the Capital Expenditure Plans for the last two quarters of 2010. Mike Harder seconded the motion. Motion approved, 7-0.

EXTEND AGREEMENT WITH BUCHTA TRUCKING FOR ONE YEAR (B-575)

Windell Toby asked the Board for approval to extend the agreement with Buchta Trucking for one year for coal and ash hauling. City Attorney Sandy Hemmerlein has reviewed the agreement. There is a 4% increase in price from last year and there are no minimums required.

Mike Harder made a motion to extend the agreement with Buchta Trucking for one year from January 1, 2010 to December 31, 2010, with a 4% increase, and the agreement can be terminated at any time by either party with no penalties. Ken Sendelweck seconded the motion. Motion approved, 7-0.

POWER PLANT ACTIVITIES (B-605)

Wayne Schuetter asked if any maintenance was being done on the Power Plant. Toby explained that there was some cleaning done on the boiler. Hauerperger added that some repairs were needed after Black and Veatch cut out some tubing for samples during the Power Plant study. Welders had to be brought in to repair those cuts and patch in after the sampling was done.

ELECTRIC PLANNING COMMITTEE REPORT (B-612)

Ken Sendelweck, Chairman of the Electric Planning Committee, stated the committee did not meet during the past month.

RESULTS OF CHEMICAL QUOTE OPENING (B-616)

Mike Oeding presented a comparison (see attached) of the chemical quotes that were opened at the November meeting and briefly reviewed the low quotes and/or the most responsive quotes as follows:

PAC – Brenntag Mid South
Lime – Mississippi Lime

Carbon – Brenntag Mid South
Chlorine – Brenntag Mid South
Hydrofluosilicic Acid – Brenntag Mid South
Sulfuric Acid – Chemical Resources
Cairox Potassium – GS Robbins
Caustic Soda – Chemical Resources
Algicide – Sal Chemical Co.
Sodium Meta Bisulfite – GS Robbins

Oeding pointed out that there were two exceptions to the quotes, one for PAC and one for Cairox Potassium. The exception for PAC is due to Applied Specialties and GS Robbins products have not been proven effective on our system. The quote from Brenntag Mid South will be accepted. The Cairox Potassium that American International quoted did not meet the specifications. Their product is not Cairox Potassium. The second lowest quote will be accepted from GS Robbins.

Ken Sendelweck made a motion to approve the low quotes for chemicals for 2010, with the two exceptions, as presented. Wayne Schuetter seconded the motion. Motion approved, 7-0.

STORAGE BUILDING COMPLETED (B-673)

Oeding stated that the storage building is completed and they have taken occupancy. Morton Buildings needs an acknowledgement signed stating such. Sandy Hemmerlein said she would also like to get approval to make the final payment of \$58,952 to Morton.

Doug Schulte made a motion to approve the completion of the storage building and the final payment of \$58,952 to Morton Buildings. Rick Stradtner seconded the motion. Motion approved, 7-0.

GAS PLANNING COMMITTEE REPORT (B-689)

Greg Krodel, Chairman of the Gas Planning Committee, stated the committee did not meet during the past month.

WATER PLANNING COMMITTEE REPORT (B-690)

Doug Schulte, Chairman of the Water Planning Committee, stated the committee did not meet during the past month.

UPDATE ON TERRACE AVENUE PROJECT (B-692)

Ed Hollinden said that all of the 22 homes on Terrace Avenue have been inspected. Only two of the homes passed the inspection. Fifteen homes have already been repaired. Five more homes need to be repaired along with the other two in the street that the Wastewater Department will be repairing. Since winter is upon us, the contractors will most likely finish the remaining homes in early spring.

WASTEWATER PLANNING COMMITTEE REPORT (B-700)

Mike Harder, Chairman of the Wastewater Committee, stated the committee did not meet during the past month.

UPDATE ON POWER PLANT PROJECT (B-702)

Bud Hauersperger stated that conversations and conference calls have been ongoing with Black and Veatch since the start of the project. He handed out a draft of the table of contents for the report that Black and Veatch will be submitting.

Black and Veatch should have the draft report finished by the end of the year. An Electric Committee meeting will be held after the first of the year to review the draft report. So far, nothing that Black and Veatch have seen says that the project cannot be done. A lot of the report will be opinions from their experts, relating to the biomass portion of the report.

Hauersperger said he also met last week with representatives from the USDA and the FFR Co-op, which is a research institute and development company. They discussed biofuel crops, such as Miscanthus grass and ZEA, a corn hybrid, which is still under development. There is more grant opportunities available related to these biofuel crops. Hauersperger will forward the information along to Black and Veatch to consider.

IMPA CAPACITY PAYMENTS (A-11)

Hauersperger stated the Power Plant is currently receiving monthly capacity payments from MISO through IMPA for the capacity in our Power Plant. The plant is required to start up and run any time that IMPA calls upon us to do so. The capacity payment agreement runs through May 2010. IMPA requested to know by the first of the year if we want to continue that agreement for another year from June 1, 2010 through May 31, 2011.

Sandy Hemmerlein spoke with IMPA about a possible extension while we review the report on the Power Plant study. Hemmerlein will know by Wednesday if IMPA will give us another couple of weeks or until the end of January to make a decision.

ANNUAL BAD DEBT WRITE-OFF (A-71)

Hauersperger stated that this year's annual bad debt write-off amount totals \$10,634.95, out of an estimated \$38,220,000 in sales for 2009. This amount represents .028% of sales. Last year's write-off totaled was \$13,687 and .033% of sales.

Greg Krodel made a motion to approve the request to write-off the bad debts for 2009 in the amount of \$10,634.95. Wayne Schuetter seconded the motion. Motion approved, 7-0.

FINANCE COMMITTEE REPORT & PRESENTATION OF CLAIM DOCKET (A-118)

Rick Stradtner reported the Finance Committee had met and reviewed the claims on the Claim Docket.

The Finance Committee recommended approval of the claims as presented.

Wayne Schuetter made a motion to approve the claims as presented. Ken Sendelweck seconded the motion. Motion approved, 7-0.

UPDATE ON COLLECTION ACTIVITIES (A-134)

Sandy Hemmerlein stated that very few accounts are sent to the collection agency. Only accounts that do not have a good forwarding address or are out of state are sent to collections. The rest are taken to Small Claims Court.

In 2009, 104 collection letters were sent out by Hemmerlein. Of those 104 letters, 70 small claims complaints were filed. The total amount collected in 2009 was \$24,692.87. When complaints are filed, court costs get added to them. The court costs totaled \$5,819. So, the total amount collected for the Jasper Municipal Utilities was \$18,873.87.

Hemmerlein wanted to acknowledge and thank Mary Huff for all of her hard work assisting with the Small Claims process. Hemmerlein feels like we are having good success with the process.

There being no further business to come before the Board, the meeting was adjourned at 8:09 PM upon motion by Mike Harder and second by Wayne Schuetter. Motion approved, 7-0.

The minutes were hereby approved _____ with _____ without corrections this _____ day of _____, 2010.

Attest: _____
Secretary Chairman